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**Local Government & Housing Committee**

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**HB 1173**

**Brief Description:** Creating programs to increase affordable housing and end homelessness.

**Sponsors:** Representatives Miloscia, Simpson, Chase, Ormsby, Hasegawa, Williams, Roberts, Goodman and Sullivan.

**Brief Summary of Bill**

- Creates the Affordable Housing for All program with the goal of providing decent, affordable housing for all economic segments by the year 2020.
- Requires the Department of Community, Trade, and Economic Development (Department) to implement and administer the Affordable Housing for All Program.
- Changes the name of the Homeless Housing and Assistance Act to the Ending Homelessness Act.
- Establishes that the goal of the Ending Homelessness Act is to reduce homelessness by 70 percent by 2015 and to end homelessness by 2019.
- Adds performance, quality management, and reporting requirements to the responsibilities of the Department, as well as local governments, with respect to housing and homelessness programs.

**Hearing Date:** 1/22/09

**Staff:** Thamas Osborn (786-7129)

**Background:**

Affordable Housing for All Surcharge.

County auditors are required by statute to record deeds and other instruments that are filed and recorded. A \$10 surcharge, authorized by the Legislature in 2002, is charged for recording certain documents to support low-income housing projects. The 2007 Legislature named this surcharge the "Affordable Housing for All Surcharge." The county is allowed to keep up to five

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percent of the \$10 surcharge for the collection, administration, and local distribution of the funds. Of the remaining funds, 40 percent are transmitted into the Affordable Housing for All Account administered by the Department of Community, Trade and Economic Development (Department) to be used to provide housing and shelter for extremely low-income households. The remainder of the revenue generated is retained by the counties for low-income housing programs and projects which serve households at or below 50 percent of the area median income.

#### Homeless Housing and Assistance Act/Home Security Fund.

The Legislature enacted the Homeless Housing and Assistance Act in 2005, the goal of which was to reduce homelessness by 50 percent statewide and in each county by 2015. Thirty-seven counties participate in this program. State and county homeless programs are funded by a \$10 surcharge on recorded documents which produces approximately \$16 million dollars a year for homeless programs. Sixty percent of these funds remain in the county of origin. In 2007, the legislature authorized an additional eight dollar surcharge for this program. Ninety percent of these funds remain in the county of origin.) The legislature also renamed the fund into which the state portion of both surcharges is deposited as the "Home Security Fund." Counties use their homeless funds for purposes outlined in their Homeless Housing plans. The Department uses its homeless funds to administer the program statewide and to fund and administer the Homeless Grant Assistance Program, which provides additional funds for specific county homeless programs.

#### Recording Fee Surcharges.

Most one page documents have a \$40 total recording fee. Each additional page adds one dollar to that charge.

#### Washington State Quality Award Program.

The Washington State Quality Award (WSQA) program is a nonprofit organization that evaluates performance standards for organizations who apply for review. After an intensive screening process, the WSQA provides feedback to these organizations regarding how to improve quality performance and recognizes those that have achieved performance excellence.

During the 2007 legislative session, the legislature mandated that beginning in 2011, organizations receiving over \$500,000 during the previous calendar year from specified housing-related programs and funding sources apply to the Washington state quality award program for an independent assessment of its quality management, accountability, and performance system. This assessment is required every three years.

#### **Summary of Bill:**

#### **AFFORDABLE HOUSING FOR ALL ACT**

#### Overview of AHFA Act.

The Affordable Housing for All Act (AHFA) creates a new chapter in the Revised Code of Washington with the stated goal of ensuring that all Washington citizens have access to a "decent

and affordable" home by the year 2020. "Affordable housing" means an inventory of housing with a range of sale prices or rental costs that put decent housing within the economic reach of those from all economic strata within the state. The Department is tasked with overseeing the implementation of the AHFA through the creation and administration of a statewide AHFA Program and by playing an assistance and oversight role with respect to AHFA programs implemented by local governments.

The AHFA program is funded through the Affordable Housing for All recording fee surcharge. All counties, regardless of their participation in the AHFA program, must report annually upon receipts and expenditures of surcharge funds.

The AHFA does not require the Department or any local government to expend its own funds in order to achieve the goals of the act. The state and local programs are funded through the recording fee surcharge and state funds appropriated by the Legislature.

#### Responsibilities of the Department under the AHFA.

The Department is required to consult with the Affordable Housing Advisory Board in creating an annually updated state AHFA Plan (state plan) designed to achieve the goals of the AHFA. The department must submit its first state plan to the legislature by January 15, 2011 and each year thereafter on that date. State plan requirements include:

- the incorporation of specified, key elements of other housing-related state plans, including performance measures;
- consideration and discussion of the linkages with pertinent local government and community service programs;
- the documentation and analysis of the state housing inventory, including data pertaining to price and quantity in relation to specified economic segments of the population;
- developing an outline of the strategies and programs necessary to achieve the 2020 goals; and
- performance measures for evaluating the success of the plan in achieving the 2020 goals, including those that address:
  1. the overall effectiveness of the AHFA plan;
  2. the relation between increases in housing prices and wage/income growth; and
  3. the effectiveness of the linkages between the department's plan and other specified housing-related programs.

Beginning in 2011, the department must annually summarize county AHFA plans (county plans) and must conduct annual performance evaluations of county plans and county AHFA programs (county programs).

#### AHFA Requirements Pertaining to Counties and Cities.

County participation in the AHFA program is optional. In order to be exempt from participation, a county legislative authority must pass a resolution indicating its intention not to participate and must forward this resolution to the department. Counties that do not participate will continue to

receive revenue from the AHFA document recording fee surcharge, but will not receive any additional funds designated for the AHFA program.

Counties choosing to participate in the AHFA program must convene a County Affordable Housing Task Force (task force) for the purpose of preparing a county AHFA plan (county plan). Participating counties must adopt a county plan by June 30, 2011 and update the plan on an annual basis. The county plan may be combined with other local homeless housing plans. Generally, the county plans must contain the same types of information, analysis, and performance measures required of the state plan.

If a county declines to participate in the AHFA program, a city or collaborative group of cities has the option of participation. City participation requires the forwarding of a resolution to the Department expressing the intention to take part in the program.

Local governments receiving over \$500,000 a year from the state, the Housing Finance Commission (HFC) and housing related local recording fee surcharges must apply to the Washington State Quality Award Program for an assessment every three years, beginning in January of 2011.

### **ENDING HOMELESSNESS ACT**

#### Overview of the EHA.

The Homeless Housing and Assistance Act (chapter 43.185C RCW) is renamed the Ending Homelessness Act (EHA) and a new goal is established to reduce homelessness by 70 percent by 2015 and to end homelessness by 2019. The EHA makes extensive changes to the terminology of the original act so as to make the statutory language consistent with the new name and the new homelessness reduction goals it creates.

#### Responsibilities of the Department Under the EHA.

The Department is required to create a statewide ending homelessness program (EHA program) to develop and implement a statewide strategic plan (EHA plan) for ending homelessness. The EHA *program* is to be developed and administered by the Department with the assistance of the Affordable Housing Advisory Board.

In developing the EHA *plan*, the Department must consult with the Interagency Council on Homelessness, the State Advisory Council on Homelessness, and the Affordable Housing Advisory Board. The plan must outline statewide goals and performance measures pertaining to the goal of meeting the needs of all homeless populations, including the:

- chronic homeless;
- unsheltered homeless;
- short-term homeless;
- families, individuals, and youth; and
- families and individuals at risk of homelessness.

The Department must also meet additional goals and requirements, including:

- Annually updating the EHA plan;
- Creating performance measures to coincide with specific performance measure areas in consultation with a task force that must report by December 31, 2009;
- Conduct an annual performance evaluation of county homeless plans;
- Conduct an annual performance evaluation of county performance in achieving its ending homelessness goals; and
- Provide technical assistance to local governments with EHA plans, including assistance with matters pertaining to performance evaluation measures.

#### Responsibilities of Counties Under the EHA.

Counties must comply with additional requirements pertaining to their implementation and administration of county EHA plans, including:

- updating their local plan on an annual basis;
- revising their local plans so as to include specific strategic objectives and performance measures; and
- conduct a county homeless census at least once per year.

County participation in the EHA program is made mandatory and the current provisions allowing optional participation are deleted from statute.

#### Ending Homelessness Grant Program.

The Ending Homelessness Grant Program must be used only to support programs addressing the root causes of homelessness, homelessness prevention, data collection and quality management activities. Preference for grant awards is given to applications from local governments which apply to the Washington State Quality Award program and who conduct multiple homeless censuses each year.

#### City Participation in EHA Program.

A city has the option of developing and operating a local EHA program separate from that of the county in which it is located. To do so, the governing body of the city must forward the appropriate resolution to the county. Funding is provided from the same sources as those available to counties and a city may apply for ending homelessness grants. A city EHA program is subject to the same requirements as a county, including the requirement of developing and implementing a city EHA plan.

#### Interagency Council on Homelessness.

The Interagency Council on Homelessness is required to respond to state and local legislative and policy recommendations found within local and state homeless plans. It must also meet specified requirements regarding reporting to the legislature.

#### Washington Institute for Public Policy Study.

The Department must contract with the Washington Institute for Public Policy to determine the most effective, accurate and comprehensive way for counties and the state to measure and evaluate the societal cost of homelessness. The Department is limited to the amount of \$100,000 for the funding of the study, which must be presented to the appropriate legislative committees by June 30, 2010.

#### Homeless Management Information System.

The Homeless Management Information System must be updated with new homeless client information at least twice a year.

#### Quality Management.

Every three years, all local governments receiving over \$500,000 a year during the previous year from state sources and housing surcharges shall apply to the Washington state quality award program for an independent assessment of its quality management, accountability and performance system.

Local governments and the Department may use funds from their portion of the home security fund surcharges for quality management purposes.

#### Joint Legislative Audit and Review Committee.

The Joint Legislative Audit and Review Committee must conduct a performance audit of the EHA program in 2011 and 2015.

### **MISCELLANEOUS HOUSING-RELATED BILL PROVISIONS**

#### Recommendations to Streamline Housing Reporting Requirements.

The Department, Housing Finance Commission (HFC), local governments, Housing Authorities, and nonprofits receiving state funds or financing through the HFC shall provide recommendations to the legislature to streamline housing-related planning and reporting requirements.

#### Self-Sufficiency Standard.

The Department must establish self-sufficiency income standards for each county in the state based upon the cost of living, including housing costs, which are to include mortgage or rent payments and utilities other than telephone.

#### Housing Trust Fund Preference Standard.

The Housing Trust Fund will give preference to applicants who have applied to the Washington State Quality Award program.

**Appropriation:** None.

**Fiscal Note:** Requested on January 15, 2009. Preliminary fiscal note available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.